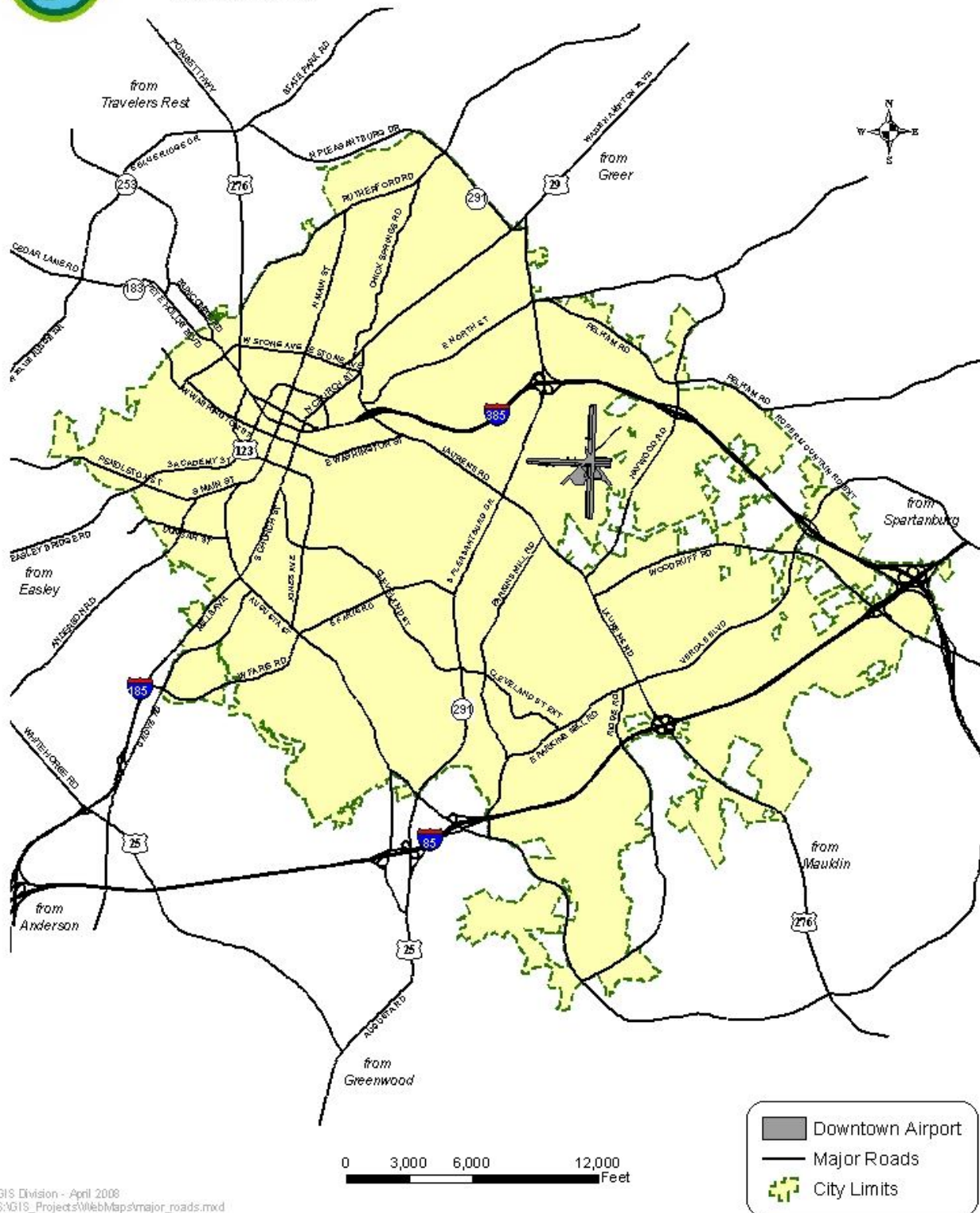


INTRODUCTION



City of
Greenville

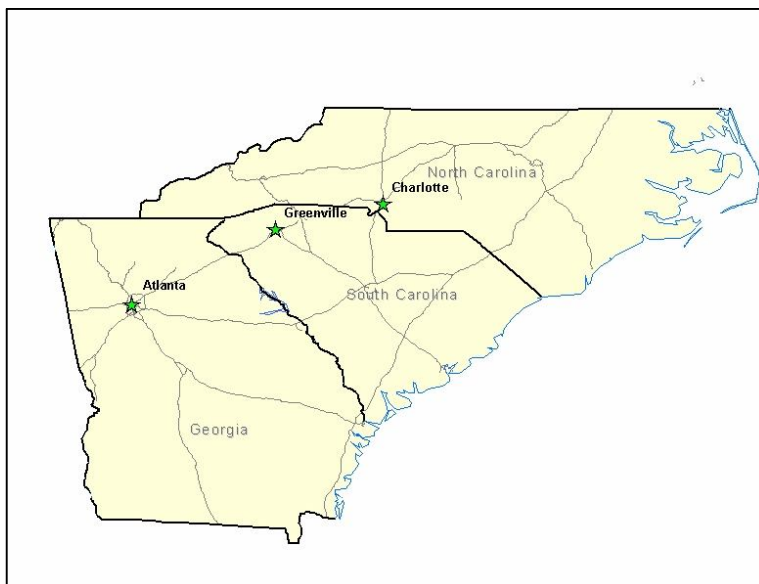
Major Roads



COMMUNITY PROFILE

The City of Greenville, located in the Upstate region of South Carolina, is the fourth largest city in the state with a population of 56,002 based on the 2000 United States Census. The City is part of the Greenville-Laurens-Pickens Metropolitan Statistical Area (MSA) and has become the economic hub of the southern portion of the Piedmont plateau. The area of the City covers approximately 28.33 square miles (see map on page B-2.) Although restricted in its ability to expand, the City draws on a population of over 900,000 within a 30-mile radius of its location. The area is consistently cited as one of the fastest growing urban regions in the country and is expected to reach over one million people by the year 2010.

The region has experienced tremendous growth and prosperity over the past decade, with Greenville being one of the fastest-growing communities. Since the 1960's, Greenville has transformed from the textile capital of the world to a corporate office, warehousing, and distribution location. Located along the I-85 corridor approximately equidistant from Charlotte and Atlanta, the City of Greenville is uniquely positioned in the heart of this growing region. The City has become a major hub, offering many opportunities for economic development, and the highly favorable industrial climate makes this area attractive to migrating capital and industry.



Source: ESRI Data

The City's climate, natural assets, and economic diversity have combined to reinforce its role as a regional center for both the state of South Carolina and the Southeast. The City is recognized as one of the Southeast's most progressive local governments and has amassed a notable record of success. It is characterized by active involvement in support of economic development, provision of high quality services, fiscal conservatism, and a pro-business climate.

GENERAL CITY STATISTICS

Date of incorporation	1831
Millage rate	89.9
Area in square miles	28.33
Miles of City streets	418
Miles of sanitary sewers.....	354
Miles of storm drains	270
Number of fire stations	6
Fire ISO insurance rating (1 to 9 scale, with 1 being best)	2
Building code BCESG rating (1 to 10 scale, with 1 being best)	3
Flood insurance FEMA rating (1 to 10 scale, with 1 being best)	7
Park acreage.....	500+

CITY DEMOGRAPHICS

Population	56,002
Male	26,506
Female	29,496

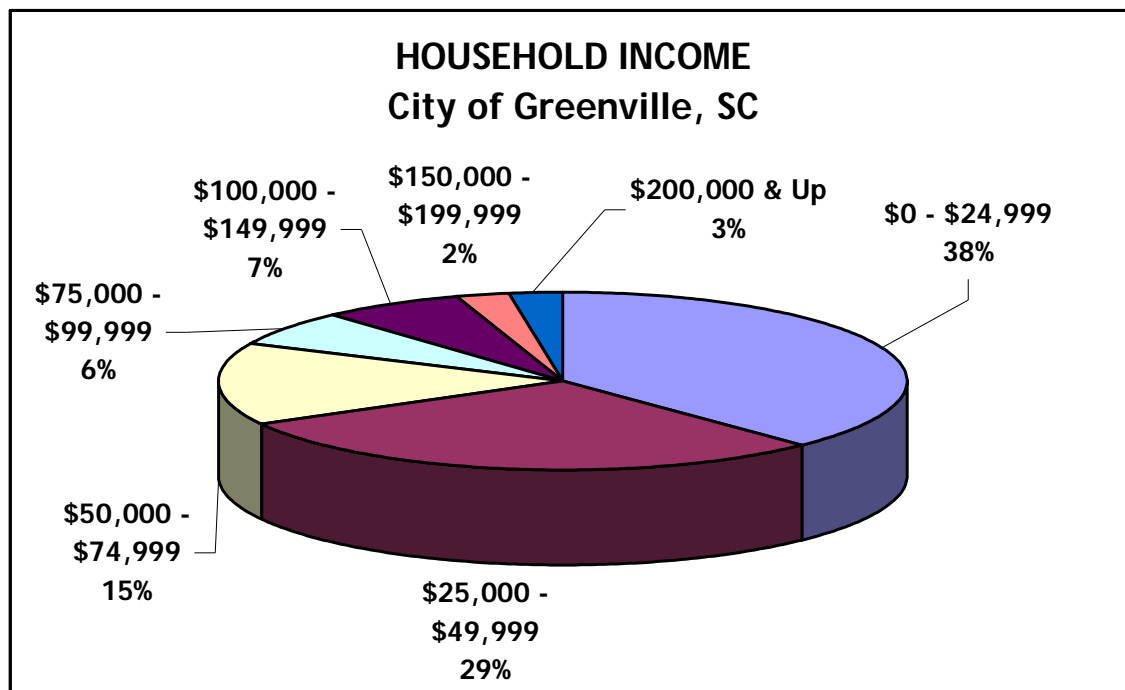
Race

White	34,815
African-American	19,273
Other	1,914

Number of households	24,330
Average household size	2.11

Income per household

\$0-\$24,999	9,177
\$25,000-\$49,999	7,124
\$50,000-\$74,999	3,635
\$75,000-\$99,999	1,579
\$100,000-\$149,999	1,589
\$150,000-\$199,999	591
\$200,000 & up	635
Median household	\$33,144



Source: United States Census, 2000

CLIMATE

The average annual temperature is 59 degrees F with an average rainfall of 50.45 inches and an average snowfall of 1.20 inches per year.

Average January minimum	35.1 degrees F
Average July maximum	96.8 degrees F
Days with maximum of 90 degrees F or above.....	36.2
Days with minimum of 32 degrees F or below	65.7

COMMERCE

The City continues to benefit from strong economic fundamentals. Private investment, as measured by the valuation of building permits, exceeded \$100 million for the twelfth straight year in calendar year 2007. The strength of the local economy and the City's role in facilitating improvements has resulted in significant regional and national attention from respected publications, and in bond rating upgrades by Standard and Poor's in 2001 and by Moody's Investors Service in 2000.

TRANSPORTATION

Air: Greenville-Spartanburg International Airport is located 12 miles from downtown Greenville on I-85. The terminal building has over 226,000 square feet and provides 13 departure gates. Over 1.5 million passengers per year are served to 19 major cities. With a runway of 11,101 feet, the airport is also home to a 120,000 square foot Federal Express facility. The **Greenville Downtown Airport**, operated by the Greenville Airport Commission, offers a full range of general aviation services. Located within the municipal limits, it is the busiest general aviation airport in South Carolina with more than 80,000 take-offs and landings per year.

Bus/Transit: The Greenville Transit Authority is an independent authority appointed by the City, Greenville County, and the local legislative delegation. The City of Greenville, under contract to GTA, operates Greenlink which provides service throughout the City and County Monday through Saturday. Interstate bus travel is provided by Greyhound Bus lines.

Automobiles: Situated in the northwest corner of South Carolina, Greenville is accessible from Interstates 85, 185, and 385. Four U.S. highways pass through Greenville: 25, 29, 123, and 276.

Ports: The Port of Charleston and the Port of Georgetown are located three to four hours from Greenville. These ports are operated by the South Carolina State Ports Authority and provide container loading facilities.

EDUCATION

City residents are served by the Greenville County School District. With an enrollment of over 68,000 students, it is the largest school district in South Carolina and the 51st largest in the United States. *Expansion Management Magazine* rates the district as a Blue Ribbon District. Moreover, 12 Greenville schools have been identified as "Schools of Excellence" by the U.S. Department of Education and 17 have received the "Palmetto's Finest" award presented to the state's top schools. The district's arts program has been named as "tops in the nation" by the Kennedy Center/National School Boards Association.

Twelve magnet academies in the district offer unique educational opportunities at the elementary, middle, and high school levels. Each academy offers distinct programs in foreign language, communication arts, pre-engineering and health professions, international studies, science and technology, or year-round education.

Located in the City's West End District overlooking the Reedy River, the South Carolina Governor's School for the Arts and Humanities provides a residential high school program for artistically gifted junior and senior high school students from across South Carolina. In addition, the Governor's School provides summer programs for state residents not in the residential program. The school is not affiliated with any school district and reports to the State Department of Education.

The City of Greenville is also the home of two institutions of higher learning, Bob Jones University, a private four-year institution, and Greenville Technical College, a two-year technical college. In addition, the City is home to the University Center - a consortium of seven universities that provide 76 undergraduate and graduate degree programs. Clemson University will also open the Carroll A. Campbell Graduate Engineering Center at the International Center for Automotive Research (ICAR) currently under development in the municipal limits.

In addition to these facilities, Greenville County is home to Furman University and North Greenville University, two private four-year universities. The University of South Carolina - Upstate, located in Spartanburg County and Clemson University, located in Pickens County, are the nearest public universities.

LIBRARY

Greenville has a countywide library system with a main library downtown and ten branches. A law library is located at the Greenville County Courthouse. More than 890,000 items are available for circulation, including films and audiovisual materials. Outreach, bookmobile, and online services are available. The library began a 13-year building program in 1997, which included construction of a new main library and plans for the construction of ten new branches.

RECREATION

The City Parks and Recreation Department maintains over 500 acres of public park lands at 44 locations. Shuffleboard courts, picnic shelters, and ball fields are available throughout the City, as well as a bicycle/jogging trail and miniature golf course. Five community centers offer ongoing recreation, social, cultural, and educational activities. The Special Events Division stages over 145 public events each year which draw more than 1 million visitors to Greenville. The Greenville Zoo recently completed a new giraffe exhibit and lion viewing area. In 2006, the Greenville Drive, a Class A affiliate of the Boston Red Sox, began playing in a new downtown stadium located in the City's West End.

The Greenville County Recreation District also provides over 1,000 acres of parks and recreation sites for use by city residents. The Commission also operates The Pavilion, South Carolina's only public Olympic-sized ice skating venue; Riverbend, a 64-acre equestrian park; and Westside Aquatic Center, South Carolina's only 50-meter public indoor swimming facility.

There are several State parks in close proximity to the greater Greenville area, including the 1,275-acre Paris Mountain State Park and the 2,900-acre Table Rock State Park. Jones Gap and Caesar's Head State Parks combine to form the 13,000-acre Mountain Bridge Wilderness Area, with more than 46 miles of hiking trails near the North Carolina border.

The Cherokee Foothills Scenic Highway (SC Highway 11) traverses the northern part of Greenville County, providing a majestic view of the foothills of the Blue Ridge Mountains. Other State park facilities in the area include: Keowee-Toxaway (1,000 acres), Croft State Park (7,088 acres), Wildcat Wayside (63 acres), and Oconee State Park (2,165 acres).

In addition to the recreation activities mentioned above, Lakes Hartwell, Keowee, and Jocassee are all within a 45-minute drive from Greenville and provide a wide range of fishing and water sport activities.

CAROLINA FIRST CENTER

In July 2001, the City purchased the Carolina First Center for \$6,750,000 from the Textile Hall Corporation, to save the facility from foreclosure. Located on a 39-acre campus, the Carolina First Center is one of the largest convention and conference centers in the southeast. The annual economic impact of the Carolina First Center is estimated at more than \$50 million. In 2005, the City embarked on a multi-stage, multi-million dollar renovation project, funded by local, state, federal and private dollars. After the renovation, the Carolina First Center will include 315,000 square feet of exhibit space and 30,000 square feet of meeting and conference space as well as a new entrance and public circulation concourse. The renovation will make the Carolina First Center more competitive in the marketplace. The City anticipates that this modernization will help spur redevelopment of the Pleasantburg Drive corridor.

CULTURAL ACTIVITIES

The Peace Center for the Performing Arts is the cornerstone of the artistic and cultural activity for the City of Greenville and the greater Greenville community. The Peace Center features a 2,000-seat concert hall, as well as a 400-seat theater. There are generally over 50 performances a year including traveling productions of Broadway shows, the Greenville Symphony Orchestra, and nationally renowned performers.

The Greenville County Museum of Art offers three major exhibits, as well as traveling exhibitions. Its respected Southern Collection chronicles American art from colonial times to the present. It is home to the Andrew Wyeth Collection, featuring works from all eras of his career. Since its inception, the museum has sought to build its Contemporary Collection which includes works by artists such as Andy Warhol and Jasper Johns.

Located on the campus of Bob Jones University, the Bob Jones University Art Gallery and Museum houses one of the world's finest and best known collections of Old Master religious art. The museum contains 30 galleries displaying more than 400 pieces of work from the 13th to the 19th centuries. Such artists as Rembrandt, Rubens, Van Dyck, Reni, Tintoretto, Veronese, Sebastiano del Piombo, Cranach, Gerard David, Ribera, and Murillo are on display. The University recently opened a satellite location in downtown Greenville at Heritage Green.

DOWNTOWN GREENVILLE

Greenville's downtown is the preeminent business center of the Upstate region, accounting for over one-third of the total office space in the Greenville/Spartanburg MSA with over 3 million square feet. Downtown Greenville is the leading financial and corporate center in the Upstate. There are over 116,000 employees located within a five-mile radius of downtown.

Bounded by the Hyatt Regency on one end and Fluor Field on the other, Main Street has been transformed into the heart of the city, offering fine dining, shopping, entertainment, and excellent job opportunities. Downtown Greenville is also the home of many annual festivals and events such as Downtown Alive, the Carolina First Reedy River Run, Fall for Greenville, and Artisphere - the International Arts Festival of Greenville.

The opening of the \$63 million Bi-Lo Center with a 15,000-seat arena in 1998 has provided the Upstate with other forms of entertainment and sporting attractions. Featured events include concerts, special events, and college basketball games.



Another section of downtown that is currently under extensive renovation is the West End, centered at the intersection of South Main and Augusta Streets. Deemed the new arts and entertainment district, it is the home of the South Carolina Governor's School for the Arts and the Warehouse Theater. In 2006, Fluor Field at the West End - home of the Greenville Drive Class A affiliate of the Boston Red Sox - opened to packed crowds who welcomed baseball to downtown Greenville.

The new stadium is surrounded by office and residential development which acts as a catalyst for extending economic development in the West End.

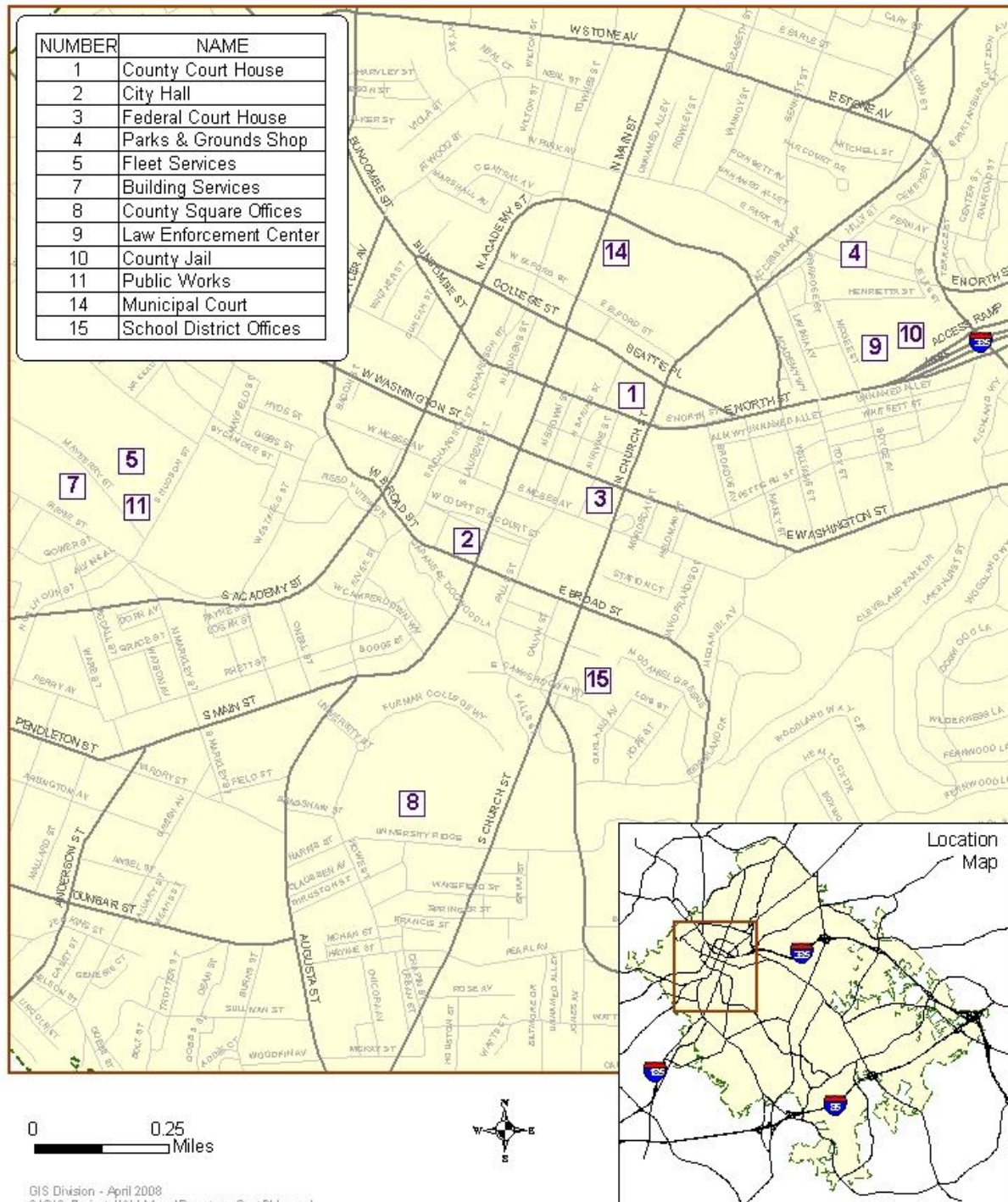


The cornerstone of the West End renovation is the \$13 million Falls Historic Park which opened in 2004. The park includes large flower gardens, walking trails, and a seven-story pedestrian bridge spanning the river offering visitors a breathtaking view of the Reedy River Falls.



City of Greenville

Downtown Government Buildings



CITY GOVERNMENT OVERVIEW

The City of Greenville was incorporated in 1831 and adopted the Council-Manager form of government by ordinance in 1976 pursuant to Section 5-5-10 of the Code of Laws of South Carolina. The governing body is comprised of a mayor elected at-large and six council members, two of whom are elected at-large and four who are elected from their respective districts. As contained in Section 1-1-2 of the Code of Ordinances of the City of Greenville, the City Council shall fix the policies of the City and the City Manager shall administer such policies.

GOVERNMENT ORGANIZATION

The City Council appoints the City Manager, the City Attorney, and the Municipal Judge. The City Manager directs and coordinates the day-to-day operations of the City. In FY 2008-09, 1015 employees will work for the City, providing a wide range of local government services.

Certain public services, including the hospital, public schools, public housing, airport, and water and sewer treatment, are handled through agencies that are external to city government. The City influences each of these agencies, either through appointments to the governing boards or through liaison relationships maintained by the City Manager. Electricity, gas, and cable television are provided by private companies.

The principal functional areas of City government are summarized below and in the organizational chart that follows the descriptions. These functions are designed to provide governmental services in an efficient and effective manner while promoting quality customer service.

The Legislative and Administrative departments are comprised of both elected and non-elected officials. Included within this area are the functions of Mayor and City Council, City Manager, City Clerk, City Attorney, and Municipal Court

The Public Information and Events Department is comprised of the Public Information and Special Events divisions. The Public Information Division manages all citizen interactions with the City including Greenville Cares, neighborhood services, and public information. The Special Events Division encourages and regulates festivals, events, and other community activities in Greenville.

The Economic Development Department is responsible for encouraging and managing private development in the municipal limits. Included in this area are Economic Development, Building and Property Maintenance, and Planning and Zoning. Also included in Economic Development is Community Development which is reported in the Community Development, HOME and HOPWA funds.

The Human Resources Department is responsible for the City's recruitment, retention, and compensation programs. In addition, it is home to Occupational Health which provides numerous employee screenings. Included within Human Resources is the City's program for health and dental benefits, reported as an internal service fund.

The Office of Management and Budget, formerly the Finance Department, was created in FY 2005-06. Included in this department are Budget and Internal Audit, Revenue, Accounting, Purchasing, Risk Management, Geographic Information Services (GIS), Management Information Systems (MIS), and administration of the outsourced management contract for the Carolina First Center Center.

The Police Department provides a variety of public safety services, including mobile patrol, crime prevention, crime investigations, warrant detail, and traffic enforcement. Included within this department are the following divisions:

- Chief's Office (administration and internal affairs)
- Administration (budget, human resources, and accreditation)
- Operations (patrol, mobile response, traffic enforcement, and accident investigation)
- Investigative and Support Services (crimes, drug cases, and surveillance)
- Communications Section (call-taking and dispatch)

The Fire Department provides fire suppression services and conducts an aggressive inspection program designed to prevent fires. Divisions include:

- Chief's Office (administration)
- Prevention (enforcement of fire protection codes and investigations)
- Suppression (response to calls for service)
- Services (training and equipment/vehicle maintenance)

The Public Works Department encompasses those areas related to the maintenance of the City's infrastructure and the removal of refuse. Organizationally, Public Works includes twelve divisions:

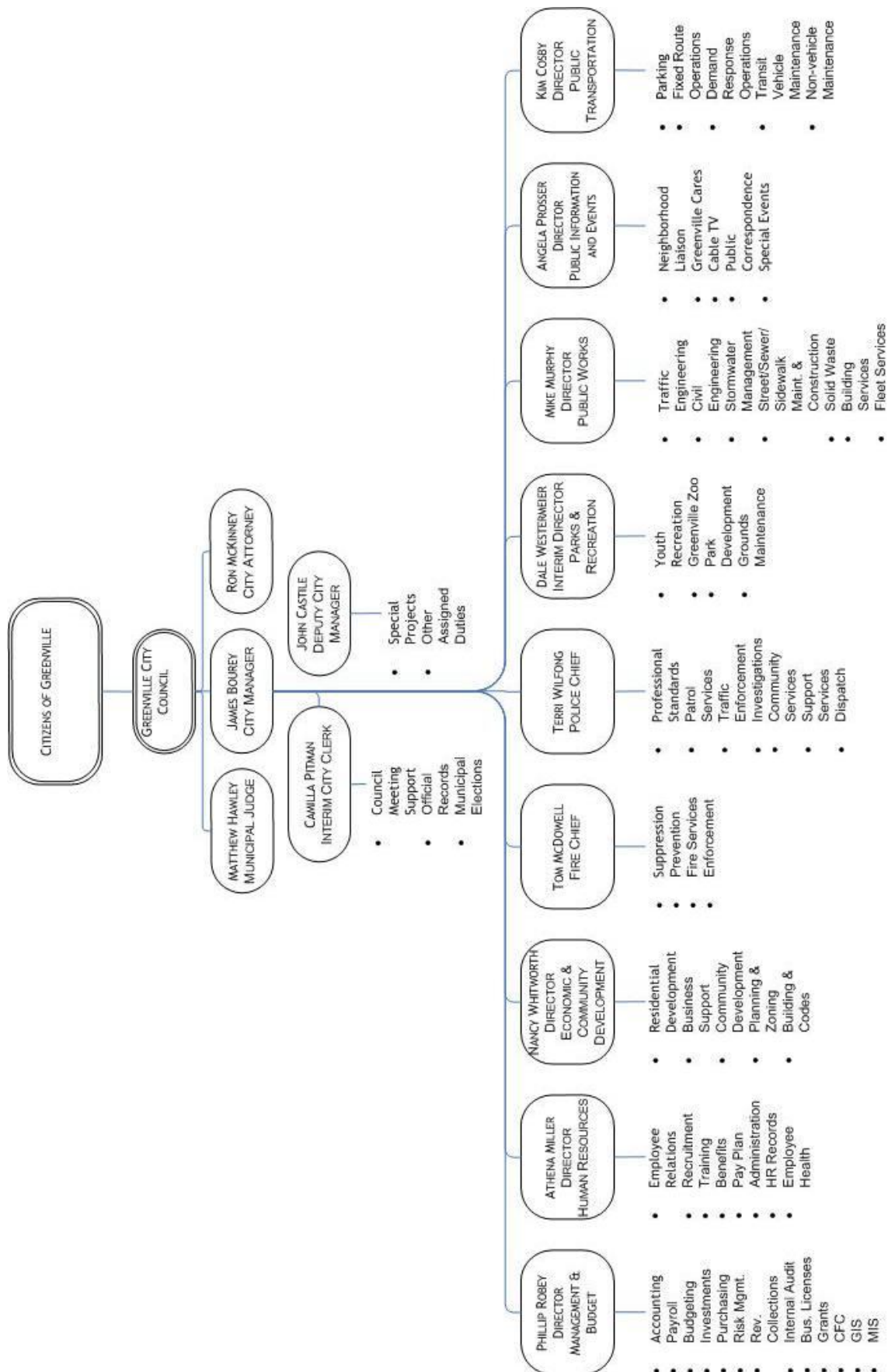
- Administration (oversight of all Public Works functions and urban design)
- Traffic Engineering (infrastructure design and review, traffic design and control)
- Engineering (management of all functions associated with civil engineering and capital improvement design including construction, streets, stormwater, sanitary sewer and traffic operations)
- Streets (resurfacing, street sweeping, and sidewalk repair)
- Sewers (cleaning and repair of sanitary sewer lines)
- Solid Waste (collection of residential and some commercial refuse, including recycling services)
- Stormwater Management (improvement and maintenance of the storm drain system)
- Fleet and Safety Services (maintenance of the City's rolling stock, and operation of trolley service)
- Construction Inspection (responsible for large construction and renovation projects, and inspects various CIP projects along with the road resurfacing, and sidewalk rehabilitation programs)
- Building Services (oversight and maintenance of all City-owned and operating buildings)

The Parks and Recreation Department manages the City's parks, recreation, and beautification efforts and encompasses the following functions:

- Administration (oversight of all Parks and Recreation functions)
- Community Programs (youth athletics and community centers)
- Greenville Zoo
- Parks Maintenance
- Rights-of-Way Maintenance
- Beautification
- Tree Maintenance

The Public Transportation Department includes operation of the City's parking system and the City's contract with Greenville Transit Authority. It manages:

- Parking (oversight of parking facilities owned and operated by the City and public parking in general)
- Administration (oversight of transit operations)
- Fixed Route Operations
- Demand Response Operations
- Vehicle Maintenance
- Non-Vehicle Maintenance



PRINCIPAL REVENUE SOURCES

The cost to provide City services requires financing sources of an equal dollar amount. Local revenues are generated from a number of sources, including property taxes, user fees, business licenses, franchise fees, fines, permits, and state-shared revenue. Revenue forecasting is facilitated by the annual production of a revenue manual which provides legislative authority, current rate structure, six-year collection pattern, and basis of calculation for each primary revenue source. Major revenue classifications are described below.

Property taxes are the City's second largest revenue source, comprising roughly 41% of all General Fund revenues. Property taxes are levied on all residential, commercial, and personal property in the City of Greenville. The tax levy on a particular piece of property is determined by three factors: market value, assessment ratio, and millage rate.

- *Market value* is determined by the Greenville County Assessor's Office using a variety of factors such as size, condition, location, and recent selling prices of comparable properties.
- *Assessment ratio* is a percentage which is multiplied by the appraised market value of a property to determine the assessed value. Owner-occupied residences are assessed at 4%. Commercial properties and motor vehicles are generally assessed at 6% and personal property at 10.5%.
- *Millage* is a term used to describe the rate of taxes levied. A mil is calculated at one dollar per one thousand dollars of assessed value:

$$\frac{\$1 \text{ of tax}}{\$1,000 \text{ assessed value}} = .001 = 1 \text{ mill}$$

The South Carolina State Code of Laws limits the annual percentage increase in the millage rate to the increase in the Consumer Price Index plus the annual projected increase in population.

For property taxes to be fair and uniform, property values need to be updated to reflect market values for every property. State law requires reassessment every five years. In FY 2007-08, property was reassessed in Greenville County.

Calculation of City tax on a \$100,000 owner-occupied residence, using current City millage (for illustration only):

Market value	\$100,000
<u>x Assessment ratio</u>	<u>x .04</u>
Assessed value	\$ 4,000
<u>x Millage rate</u>	<u>.0899</u>
Tax bill	\$ 359.60

Below is a list of the principal taxpayers located within the City, their 2007 assessed value and the percent of total assessed valuation as of June 30, 2007.

Taxpayer	Current Assessed Valuation	% of Total Assessed Valuation
Bellsouth Telecomm, Inc.	\$6,412,050	2.3%
Duke Energy Corporation	6,153,650	2.2%
Simon Haywood LLC & Bellwether	4,728,810	1.7%
Verdae Properties, Inc.	3,757,260	1.3%
Hitachi Electronics	3,478,710	1.2%
Daniel International Corporation	3,283,710	1.2%
Airgate PCS, Inc.	2,843,230	1.0%
Crosland-Morehand #1, LLC	2,232,660	0.8%
Liberty Properties of SC, Inc.	2,218,090	0.8%
Nuvox Communications, Inc.	1,642,910	0.6%
TOTALS	\$36,751,080	13.1%

Source: Comprehensive Annual Financial Report for the year ending June 30, 2007.

Licenses and permits represent the largest revenue source for the City, comprising approximately 43% of all General Fund revenues. The most significant source is the business license fee, a levy is based upon each \$1,000 of gross receipts, sales, or premiums of business done within the corporate limits of the City. There are 22 rate categories established for over 250 business classifications. The base rate in most categories ranges from \$80 to \$245 for the first \$2,000 in receipts, and \$.25 to \$2.25 per \$1,000 for all receipts above \$2,000. The City also receives revenue from companies which provide health, life, and fire insurance premiums in the City. This revenue, based on a rate of .75% of gross premiums for life/health insurance and 2.75% of gross premiums for fire insurance, is collected and disbursed by the Municipal Association of South Carolina.

Other revenues in the licenses and permits category include franchise fees for electric, gas, cable television, and telephone services. The rate structure is based upon a certain percentage of gross receipts in each case, and the basis of each forecast is trend analysis which generally parallels the rate of inflation.

Intergovernmental revenue includes grants and allocations from County, State, and Federal governments. State-shared revenue is generally distributed on a pro-rata basis according to population or other set formula. The single largest source is Aid to Subdivisions, distributed quarterly from the Local Government Fund and funded by a transfer of 4.5% of State General Fund revenues. Counties receive 83.278% and municipalities 16.722% of the distribution. The City also receives an annual reimbursement in the amount of \$857,975 for the City's granted exemption of the Merchant's Inventory Tax from property taxation. This amount is based on the value of the City's merchant inventory when the value was frozen in 1987 and the tax was taken out of the ad valorem process.

Fees and charges levied for services are on the premise that the cost of the service should be borne by those who directly benefit from the service. In the General Fund, user fees include plan reviews, alarm fees, fire protection fees, and various recreation fees. Fees are based on a fixed dollar rate, and the revenue forecast for these sources is based on historical trends.

Certain **user fees** established by the City are deposited in special revenue funds or enterprise funds to support the respective operations. These include sewer fees, parking fees, stormwater fees, and solid waste fees.

- *Sewer user fees* finance the sanitary sewer operation and are recorded in an enterprise fund. The proposed levy, based on meter size, will range from a quarterly charge of \$24.07 for a 5/8" line to \$2,916.25 for an 8" line. Sewer rates reflect a 6.5% increase. Based on historical trends and a relatively fixed number of commercial and residential units in the City, this revenue source is estimated to generate \$3,025,000 in FY 2008-09.
- *Parking fees* support the operations of the City parking facilities and are recorded in an enterprise fund. There are eleven parking garages or decks providing a total of nearly 7,000 spaces, including the South Spring Street Garage, the Richardson Street Garage, the Church Street Garage, the RiverPlace Garage, and Poinsett Plaza Garage. Parking garage rates are \$69.70 for monthly parkers and \$.75 to \$6.00, respectively for hourly and daily parkers. Monthly rates for the eight primary parking lots range from \$36.30 to \$51.80. The projected parking revenue in any given year is based on the number of available spaces, current monthly and daily rates, and occupancy rate estimates.
- *Stormwater fees* support the stormwater management program and are recorded in an enterprise fund. The fee is based on impervious surface areas of residential and commercial property. The proposed basic rate structure is \$35.46 per year for developed residential with impervious area of 1,640 sq. ft. or less, \$62.26 per year for developed residential with impervious area of greater than 1,640 sq. ft., and \$62.26 for developed commercial/industrial property for each equivalent residential unit. These rates include an inflationary increase of 4.1%. The current revenue estimate of \$4,100,000 is based on a combination of historical trends, a new rate schedule effective with FY 2008-09, and the data base for residential impervious area developed by Real Property Services of Greenville County.
- *Solid Waste fees* are levied through a proposed \$4.50 monthly charge collected from approximately 15,000 residential units. Revenues are based on the number of units, projected growth in single family units, and collection fees billed by Greenville Water System, the collecting agency.

Fines and forfeitures consist of fines imposed and collected by the Municipal Court for misdemeanor crimes, moving traffic violations, and court costs. The forecast is based on historical trends and adjusted for any known changes in Police arrest or prosecution policies, and/or changes in court jurisdictions and fine limitations.

Other revenues include the following:

- *Interest earnings*, which are dependent upon prevailing market rates, the City's fund balance, the timely receipt of taxes, effective cash management practices, and the amount of funds actually available for investment throughout the year.
- *External service reimbursements*, reflect reimbursements by outside agencies for in-kind services performed by the City, or for pre-existing contractual arrangements. The revenue received is offset by expenditures relating to services performed.
- *Interfund transfers* consist of redirecting monies from one accounting fund to another, rather than the receipt of "new" revenue.

CITY BUDGET

BUDGET DOCUMENT

The annual budget is the vehicle through which the Greenville City Council authorizes Greenville City government to fund operations during a specific fiscal year for specific purposes, and which establishes the economic resources that are required to support these activities. The budget is a fiscal, planning, and policy document which reflect the allocation of limited revenues among competing uses. These allocations are provided for only after considerable time and analysis are devoted to weighing and balancing the demands for public services with available resources.

Legal provisions for adoption of the annual budget are contained in Article X, Section 7 of the Constitution of the State of South Carolina, Section 5-13-90 of the South Carolina Code of Laws of 1970, and Section 1-5-16 of the Greenville Municipal Code.

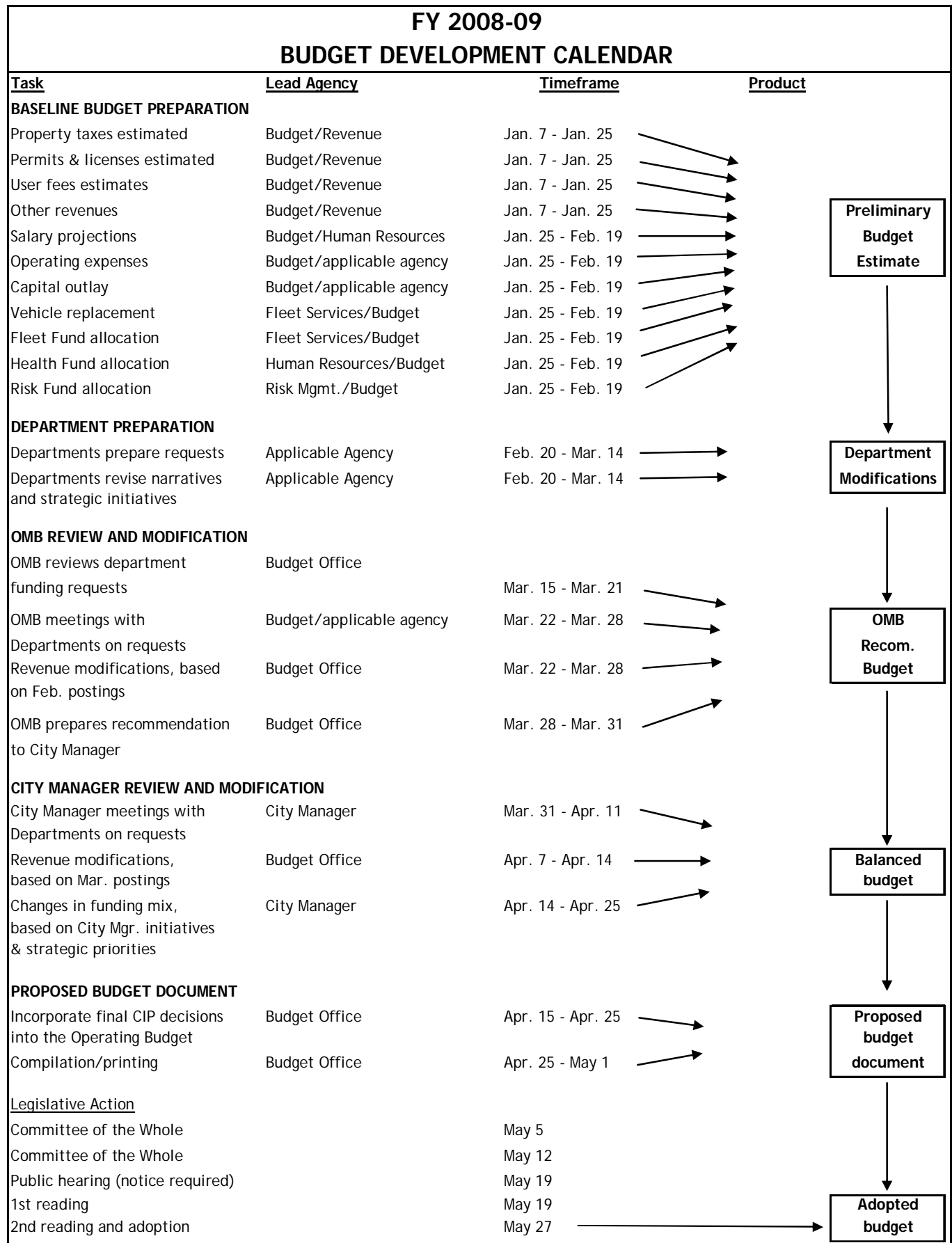
The main body of the budget document is organized by fund, then by department/function. Each department/function, in turn, is broken down into one or more divisions. At this level, detailed information is presented for staffing, programs and activities, and expenditures by major category of expense. In addition, a separate section on debt service is included. Finally, the appendix includes authorized staffing positions, appropriation ordinances, budgetary policies, and a glossary of key terms.

Annual budgets are legally adopted for the General Fund, State Accommodations Tax Fund, Local Accommodations Tax Fund, Community Development Fund, HOME Program Fund, HOPWA Program Fund, Hospitality Tax Fund, Sunday Alcohol Permits Fund, Stormwater Management Fund, Sanitary Sewer Fund, Parking Enterprise Fund, Zoo Enterprise Fund, Carolina First Center Fund, Solid Waste Fund, Transit Enterprise Fund, and the Tax Increment Funds. An annual budget is not adopted for the Capital Projects Fund, whose expenditures are budgeted on a project-duration basis.

BUDGET PROCESS

The budget process begins in January of each year for the forthcoming fiscal year which runs from July 1 to June 30 (see budget calendar on page B-18). The Office of Management and Budget projects fixed operating costs, vehicle replacement, and salary and fringe benefits costs for currently budgeted staffing and service levels. Departments develop objectives, performance measures, and service enhancement requests. This information is assimilated by the Office of Management and Budget in February along with current financial results. In January and February, the Office of Management and Budget projects revenues for all funds based on current tax rates and fee structures. Certain growth assumptions are made based on analysis of local and regional economic trends. In April, the City Manager meets with department heads to review funding requests, prioritize program needs, and establish consensus on objectives. Based on the most recent revenue estimates available, the City Manager and the Office of Management and Budget modify funding requests according to prioritized service levels. A preliminary budget document is then prepared and submitted to Council on May 1. City Council may deliberate on the preliminary budget during the month of May and into early June. By the middle to the end of June, Council adopts an appropriation ordinance for all funds following formal readings. The City Council must approve the budget by July 1st prior to any expenditure being made in the new fiscal year.

The Community Development budget cycle follows the same process with the addition of Citizens Advisory Committee recommendations and required public hearings.



Beginning in FY 2003-04, the City adopted the Capital Budget and five-year Capital Improvement Program (CIP) before the submission of the formal operating budget. City Council adopted the Capital Budget and five-year CIP on April 14, 2008. The Office of Management and Budget uses the time from April 15th to April 25th to assimilate the effects from the capital budget and incorporates them into the annual operating budget.

The operating budget does contain funding for capital expenditures, but generally only for small equipment, rolling stock, and other items of a recurring nature.

FUND ACCOUNTING

Government resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The operations of each fund are accounted for with a separate set of self-balancing accounts, and each fund is considered a separate accounting activity. Accordingly, budgeted revenues and expenditures are grouped by the following fund types:

- **General Fund** - used to account for all revenues and expenditures applicable to general operations of the City and to record all financial transactions not required to be accounted for in another fund. The general fund is the major fund that accounts for the day-to-day operations of the City.
- **Internal Service Funds** - used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis. Expenditures of these funds are included in the budgets of the respective agencies that use the services. Internal service funds have been established for the functions of health benefits, risk management, and fleet services.
- **Special Revenue Funds** - used to account for the proceeds of specific revenue sources that are restricted by law or administrative action to expenditures for specified purposes. Special revenue funds include the Community Development Fund, HOME Program, Housing Opportunities for Persons With AIDS (HOPWA), Local Accommodations Tax Fund, Hospitality Tax Fund, Sunday Alcohol Permits, the State Accommodations Tax, and the Victim Witness Fund.
- **Enterprise Funds** - used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent is that the costs (including depreciation) of providing services to the general public are recovered primarily through user charges. Enterprise funds have been established for the Parking System, the Sanitary Sewer System, Stormwater Management, Greenville Zoo, Solid Waste, Transit, and the Carolina First Center.
- **Debt Service Funds** - used to account for the accumulation of resources for, and the payment of long-term debt principal, interest, and related costs. Through FY 2006-07, provisions were made in the City's annual budget to transfer funds sufficient to meet the debt requirements for general obligation debt service. Beginning in FY 2007-08, general obligation debt will be budgeted directly in the General Fund. Also, three tax increment funds have been established to account for debt service on bonds issued by the City for improvements in the Central Business, West End, and Viola Street Districts.

- **Capital Projects Fund** - used to account for financial resources appropriated for the acquisition or construction of major capital facilities. Sources of financing for capital projects primarily include proceeds from the sale of general obligation and tax increment bonds, transfers from the General Fund, and grant revenues. Major capital requirements are addressed separately in a capital planning process and included in the Capital Improvement Program.

Basis of Accounting - refers to the point in time at which revenues and expenditures are recognized in the accounts and reported in the financial statements. All governmental, agency, and expendable trust funds are accounted for using the modified accrual basis of accounting in which revenues are recognized when they become measurable and available as net assets, and expenditures are recognized when the related fund liability is incurred. Enterprise funds and internal service funds are accounted for using the full accrual basis in which revenues are recognized when earned and expenses when incurred.

Basis of Budgeting - excluding proprietary funds, budgets for all funds are adopted on a modified accrual basis, consistent with generally accepted accounting principles (GAAP). Proprietary funds are adopted on a full accrual basis.

Encumbrances - appropriations in governmental funds are encumbered upon issuance of purchase orders, contracts, or other forms of legal commitments. While appropriations lapse at the end of a fiscal year for all operating funds, the subsequent year's budget specifically provides for the re-appropriation of year-end encumbrances via ordinance. Outstanding encumbrances at year-end represent the estimated amount of expenditures the City will incur if unperformed contracts in process and outstanding purchase orders at year-end are completed.

CASH MANAGEMENT AND INVESTMENTS

Following collection, but prior to disbursement of funds, the City of Greenville pursues an investment policy that seeks to preserve capital, liquidity, and yield. The City's investment policy is designed to operate within the existing statutes for the State of South Carolina and its political subdivisions. Pursuant to State law, the City may invest in the following:

- a) Obligations of the United States and agencies thereof;
- b) General obligations of the State of South Carolina or any of its political units;
- c) Savings and Loan Associations to the extent that the same are insured by an agency of the Federal government;
- d) Certificates of Deposit and funds in deposit accounts with banking institutions provided that such certificates and funds in deposit accounts are collaterally secured by securities of the type described in (a) and (b) above, held by a third party as escrow agent, or custodian of a market value, not less than the amount of the certificates or funds in deposit accounts so secured, including interest; provide, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government;
- e) Collateralized repurchase agreements when collateralized by securities as set forth in (a) and (b) above and held by the governmental entity or a third party as escrow agent or custodian; and
- f) No-load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government, political subdivision, or county treasurer if the particular portfolio of the

investment company or investment trust in which the investment is made (1) is limited to obligations listed in (a), (b), and (e), and (2) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

The City largely invests its cash reserves in obligations of the United States and related agencies, open ended mutual funds that invest in short-term obligations of the United States governments and its agencies, and participation in the South Carolina Pooled Investment Fund. The South Carolina Pooled Investment Fund is managed by the State Treasurer's Office and is an investment trust fund where public monies of political subdivisions may be invested. Its investments are restricted to the categories listed above.

The City's policy is to maintain a General Fund balance of 20% in order to maintain adequate cash reserves in anticipation of the receipt of tax and business license revenues which largely are collected during the third quarter of the fiscal year. This avoids the need for a revenue anticipation note or other short-term debt instrument.

RELATIONSHIP TO CAPITAL BUDGET

The annual operating budget document provides for services of a recurring nature and funds these services with revenues of a recurring nature. Some of these expenditures are for "operating" capital outlay, defined as any item with a useful life greater than two years and a unit cost of \$5,000 or more. The nature of such capital items as motor vehicles and office equipment requires that they be planned for and replaced on a recurring basis. The annual budget is the medium chosen for such replacement. The Capital Improvement Program (described in a separate tab) encompasses capital construction for projects exceeding \$100,000. The impact of the CIP on the annual operating budget is reflected in three areas:

- Pay-as-you-go financing reflected in the operating budget which impacts fund balance or available funds for operating needs;
- Debt service payment on any debt instrument that may be issued to finance capital improvements; and
- Staffing and other operating expenditures that may be required once a capital facility is completed.

RELATIONSHIP TO STRATEGIC PLANNING

In 2006, the City Council developed a strategic plan in retreat to reflect its goals and objectives for the coming term. Six goals were enumerated:

- Financially Sound City Providing Excellent Services
- Livable Neighborhoods and City of Greenville
- Quality Homes for All
- Managed Growth and Quality Development
- Growing Economy with an Entrepreneurial Spirit
- Vibrant Downtown and Revitalized Corridors

In preparing their budgets, each division was asked to link its short and long-term programmatic initiatives to one of the Council's six emphasis areas. This has been reflected in each division's narrative throughout the budget document.

At the time this document went to press, the City Council was in the process of revising those goals and objectives following its annual retreat. Subsequent budget documents will reflect the revised goals of the City Council.

LONG-TERM FINANCIAL PLANNING

In planning its longer-term operational and capital needs, each January, the Office of Management and Budget prepares a five-year financial forecast on the City's fiscal health in the following funds:

- General Fund
- Parking Fund
- Stormwater Fund
- Sanitary Sewer Fund
- Zoo Fund
- Carolina First Center Fund
- Solid Waste Fund
- Hospitality Tax Fund
- Sunday Alcohol Permits Fund
- State Accommodations Tax Fund
- Local Accommodations Tax Fund
- Central Business District Tax Increment Fund
- West End Tax Increment Fund
- Viola Street Tax Increment Fund
- Risk Management Fund

The forecast assimilates the current year's operating budget and capital improvement program and projects revenues and expenditures over five years. The forecast attempts to project forecasted development in the community and its impact on revenues and expenditures. The Office of Management and Budget will then "grade" the funds on how they meet established benchmarks (fund balance goals, subsidy reduction, or bond covenant ratios).

The forecast is presented to City Council at its annual retreat. Included in the presentation are policy options that the Council may consider towards achieving each fund's benchmarks and to maintain the positive fiscal condition of the City.